

August 29, 2003

Mr. Everett Alvarez, Jr.
Chairman, CARES Commission
Department of Veterans Affairs
Office of the Secretary

Dear Mr. Alvarez,

Thank you to Secretary Principi and you for the opportunity to comment on the CARES Commission Plan. We have had a great interest in the work of the Commission and how that work might influence the direction of our relationship with the Nashville VA Hospital and the middle Tennessee Veteran's Integrated Service Network.

We are proud to have been an integral part of the transformation of the Nashville VA in the decade of the 90's. The faculty of the Vanderbilt School of Medicine comprises more than 95% of the physician staffing at the Nashville Veterans Administration hospital. The VA Hospital is an important training site for Vanderbilt's residency training program, and we share a common campus setting. The VA hospital sits on the Vanderbilt campus and is completely surrounded by the Vanderbilt University and Medical Center. The proximity makes the exchange of faculty and students fluid, the sharing of resources possible and the creation of common long-term development goals an absolute necessity.

The Vanderbilt Medical Center has grown aggressively since the late 80's when the Medical Center was housed in about one million square feet. With the opening of our third medical research facility and a new Children's Hospital, the Medical center now occupies just under four million square feet – 400% growth in about 15 years. To accommodate that rate of growth on a fixed campus of approximately 100 acres has required that we aggressively increase the density of development and convert almost all surface parking to multi-level structures.

At the same time, the Nashville VA has converted from a predominantly in-patient to a primarily outpatient method of service delivery. Its demands for space have been moderated by that shift. While the Nashville VA Hospital builds volume, its demand for in-patient rooms has diminished, while its demand for parking and ease of access has increased.

Both the Vanderbilt School of Medicine and the Veterans Administration hope to continue the rapid growth of research especially those studies funded through the National Institutes of Health. In six years Vanderbilt's sponsored research has doubled to about \$300 million annually. Key to the growth of sponsored research is the availability of laboratory space – requiring about one square foot of space for every \$500 of research funding. The University anticipates the continued growth of research to \$500 million

annually. Such growth would require an additional 400,000 square feet of space over the next decade.

The Veteran's Administration Nashville Hospital campus rests on seven acres of land in the heart of the Vanderbilt campus. Because of the aggressive construction program pursued by the Medical Center, land use surrounding the VA has become much more dense than that on the VA property. This difference in density, coupled with Vanderbilt's need for growth to accomplish its long-term academic strategic plan, creates opportunities for both Vanderbilt and the Department of Veterans Affairs.

We have recently proposed an enhanced use agreement between Tennessee Valley Health Care and Vanderbilt University for the construction of a new research facility. To accomplish this, The VA is asked to create a long-term (30 to 50 year) land lease. The proposal would allow for a three phase building plan on two surface parking lots owned by the VA. In consideration, Vanderbilt would construct a larger facility with space for additional VA research space, as well as expanded and convenient outpatient and administrative space. In addition, Vanderbilt would build structured parking assignable to the VA to replace and expand lost parking in the footprint of the new building. The proposed enhanced use agreement has been submitted to Veterans Administration officials.

Through this type of value exchange the VA is able to convert an underutilized but non-liquid asset into an expanded and improved facility without a new capital budget allocation. The benefit to Vanderbilt is equally clear. A new research facility can be built, proximate to the medical center's existing research facilities in the quickest and least disruptive way.

We encourage the CARES Commission to adopt flexible and efficient contractual templates for these kinds of land transactions between important academic partners. The templates should provide predictability, timeliness of decision-making and execution, and a fair return for the VA. We would be pleased to work with the Commission to define these guidelines by completing a demonstration project here in Nashville.

Sincerely yours,

Steven G. Gabbe, M.D.
Dean, School of Medicine

SGG/rdc

CC: Harry R. Jacobson, M.D., Vice Chancellor for Health Affairs
Lee E. Limbird, Ph.D., Associate Vice Chancellor for Research
Fred DeWeese, Director of Space and Facilities Planning

NASHVILLE

Mr. Chairman and Members of the Commission, thank you for the opportunity to testify today on the CARES Program as it relates to the Nashville VA Regional Office.

The Veterans Benefits Administration is fully supportive of the goals of the CARES Program.

VBA has had representation on the CARES National Policy Steering Committee and on the Regional Implementation Steering Committees. VBA has collaborated with VHA in identifying and prioritizing co-location opportunities such as moving the VA Regional Office from downtown Nashville to the Nashville Campus of the VA MidSouth Healthcare Network. VBA's review centered on how these planning initiatives could support and enhance our strategic goal to improve the productivity, accuracy, and timeliness of benefits delivery. The project has been placed in the medium priority range.

As a result of the CARES planning process and the VBA and VHA joint co-location efforts, five goals were established to evaluate potential co-location opportunities and this planning initiative in particular. These are:

- Improve Service to Veterans
- Improve Operational Efficiency
- Reduce Net Costs
- Maximize use of VA Assets and
- Improve Employee Working Conditions

This initiative offers an opportunity for VBA and VHA. The Veterans Benefits Administration continues to explore co-location of the Nashville Regional Office on the Nashville campus of the VA MidSouth Healthcare Network through enhanced use lease authority that complies with Office of Management and Budget guidance.

This has been identified as a medium priority initiative scheduled to occur sometime between 2011 and 2016.

When brought to fruition, this initiative would maximize the use of VA assets by allowing optimum utilization of land on the Nashville Campus. This initiative affords us the opportunity to maximize the use of VA assets and VA will continue to explore the feasibility of a new VBA facility on the grounds of the VA campus. VA will look to determine the best long-term cost benefit for VA and the taxpayer.

Mr. Chairman, this concludes my prepared statement. I will be pleased to respond to any questions you or the members of the Commission may have.



School of Medicine
Office of the Dean
and
Senior Vice President for Health Affairs

September 10, 2003

TO: Cares Commission hearing
VA Midsouth Healthcare Network (VISN 9)

RE: Capital Asset Realignment for Enhanced Services (CARES)

FR: PonJola Coney, M.D. *P. Coney*
Senior Vice President for Health Affairs
Dean, School of Medicine

On behalf of Meharry Medical College, I wish to thank you for the opportunity to submit comments on the CARES process. The School of Medicine at Meharry is most fortunate and appreciative to experience a relationship with the Murfreesboro VA Medical Center. This primary service delivery area is a key component of our training programs in primary care and psychiatry. Our trainees (students, interns and residents) in medicine and psychiatry rely on this facility for approximately 50% of their clinical experience. This constitutes more than fifty percent of our interns and residents overall. Without this relationship, our training programs in Medicine and Psychiatry could not exist. The absence of these programs would weaken considerably our graduate medical education programs and exert adverse influence on the accreditation process for our medical school in general.

The VISN 9 Leadership has kept us apprised of the CARES process from early on for which we are truly appreciative. As we understand it, the CARES plan currently is to move inpatient surgery to the Nashville VA. Our concern regarding this plan centered on the subsequent impact to the acute medical service and its ability to remain viable without an inpatient surgical service. Furthermore, the VISN 9 leadership has assured us that the acute medical service will remain intact and will be updated and enhanced in a manner that will sustain a quality service at Murphreesboro, *as well as retention & enhancement of the ambulatory surgical service.*

While the absence of the inpatient surgical service will necessitate our need to seek alternative solutions coupled with the fact that we have no formal training relationship with the Nashville VA for our trainees, we are hopeful that this effort will be balanced by the opportunities to contract with the VA to deliver primary care services outside the